

Message Text

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DRAFTED BY STR:MBSMITH

APPROVED BY STR:CKYEUTTER

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FM SECSTATE WASHDC

TO USMISSION GENEVA

USDEL MTN GENEVA

USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 034333

E.O. 11652: GDS

TAGS:ETRD, MTN

SUBJECT: DIRECTOR-GENERAL LONG MEETING WITH AMBASSADOR
YEUTTER AND MINISTER SMITH ON MFA RENEWAL

REF; GENEVA 857

1. DIRECTOR-GENERAL LONG MET FEBRUARY 10 WITH AMBASSADOR
YEUTTER AND MINISTER SMITH RE MFA RENEWAL. LONG'S CURRENT
THINKING ON THIS MATTER REPRESENTED SHIFT FROM HIS DECEMBER
1975 POSITION AS EXPRESSED TO PHELAN AND SMITH. WHEREAS
DURING DECEMBER TEXTILES COMMITTEE (TC) MEETING, LONG TOLD
US AND EC REPS THAT HIS TACTICS WOULD BE TO HOLD TWO TC
MEETINGS ON MAJOR REVIEW (ONE BEFORE SUMMER HOLIDAYS AND
ONE IN NOVEMBER) AND THEN PRESS FOR MFA RENEWAL IMMEDIATELY
AFTER NOVEMBER TC MAJOR REVIEW WAS COMPLETED, LONG NOW
BELIEVES TC MEETING BEFORE SUMMER HOLIDAYS WOULD NOT BE
HELPFUL OR DESIRABLE. INSTEAD, HE PLANS CALL TC MAJOR REVIEW
MEETING FOR MID-NOVEMBER AT WHICH TIME DISCUSSIONS WOULD
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BEGIN ON RENEWAL OF MFA WITH A VIEW TO WRAPPING UP THE MATTER IN 1976 IF POSSIBLE, BUT NO LATER THAN SPRING OF 1977 LONG NOW AIMING FOR MFA RENEWAL BY SPRING OF 1977 RATHER THAN BY DECEMBER OF 1976. LONG DID ADD THAT IF QUOTE HIS WATER TESTING QUOTE WAS FAVORABLE IN NOVEMBER TC MEETING, HE WOULD DO ALL HE COULD TO GET MFA RENEWED RIGHT THEN, BUT

HE WAS INCLINED TO THINK RENEWAL WOULD OCCUR FOLLOWING SPRING.

2. APPARENTLY, REASON WHY LONG HAS SHIFTED HIS THINKING ON MFA RENEWAL TIMETABLE IS HIS BELIEF THAT QUOTE EUROPEANS AND OTHERS ARE NOT IMPROVING QUOTE THEIR TEXTILE RESTRAINT ACTIONS WITH THE EXPORTING COUNTRIES. HIS USE OF WORD "IMPROVING" INDICATED HE HAD IN MIND THAT EC'S DELAYED PERFORMANCE IN BRINGING ITS RESTRAINTS INTO CONFORMITY WITH THE MFA AND, PERHAPS, RUMORED OR ACTUAL RESTRAINT ACTIONS INTRODUCED BY THE SCANDINAVIANS, AUSTRIANS, UK, ETC.

LONG OBVIOUSLY CONCERNED THAT MFA RENEWAL MIGHT BE JEOPARDIZED BY CONTINUED EC DILATORINESS IN MEETING AT OBLIGATIONS AND HE SPECIFICALLY ASKED THAT THE USG CONTINUE TO PRESS THIS MATTER WITH THE EC.

3. YEUTTER AND SMITH POINTED OUT TO LONG THAT US DOMESTIC INTERESTS WOULD BECOME VERY NERVOUS IF THERE WAS NO FIRM

COMMITMENT TOWARD MFA RENEWAL BY END OF 1976 AND THAT USG CONCERNED THAT MFA RENEWAL NOT REPEAT NOT GET DUMPED INTO MTN. LONG UNDERSTOOD THIS FULLY AND SAID THAT IF AT ALL POSSIBLE HE WOULD PRESS FOR MFA RENEWAL IN 1976. HE REPEATED, HOWEVER, THAT EXPORTING COUNTRIES ARE LIKELY TO BE MOST RELUCTANT TO QUOTE SIGN UP QUOTE FOR EXTENSION A FULL YEAR IN ADVANCE OF MFA EXPIRY UNLESS THEY WERE CONVINCED THAT QUOTE THINGS WERE IMPROVING AND THAT MFA REALLY ISN'T TOO BAD A THING AFTER ALL QUOTE. BY THIS, LONG AGAIN CLEARLY MEANT THAT ALL IMPORTING COUNTRIES HAD TO LIVE UP TO THEIR MFA OBLIGATIONS.

4. IN RESPONSE TO SPECIFIC INQUIRY, LONG MAINTAINED HIS EARLIER POSITION THAT IT WAS PREMATURE FOR USG TO BEGIN CONFIDENTIAL

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INFORMAL CONSULTATIONS WITH EXPORTING REPEAT EXPORTING COUNTRIES RE MFA RENEWAL. HE SAID HE WOULD BE TRAVELING TO PAKISTAN IN NEAR FUTURE AND WOULD HIMSELF BEGIN FEELING OUT THE PAKS RE RENEWAL AND THEN GET BACK TO US. HE REPEATED NEED HOWEVER, FOR USG TO TALK TO EC REPS (PRESUMABLY INCLUDING MATTER OF EC/PAKISTANI RESIDUAL RESTRAINTS).

5. AMBASSADOR YEUTTER AND MINISTER SMITH CONCLUDED THIS PORTION OF CONVERSATION BY EMPHASIZING IMPORTANCE USG ATTACHED TO MFA RENEWAL AS EARLY AS POSSIBLE (I.E., THIS YEAR IF POSSIBLE), OUR STRONG WISH NOT TO HAVE MFA RENEWAL TIED UP WITH MTN, AND THE SENSITIVITY OF ENTIRE MATTER TO US DOMESTIC INTERESTS. LONG SAID HE UNDERSTOOD ALL OF THIS AND WOULD REMAIN IN CLOSE TOUCH WITH USG IN MONTHS AHEAD.

6. COMMENT. LONG'S SHIFT IN TIMETABLE IS SOMEWHAT UNSETTLING. THROUGHOUT CONVERSATION, HE CONVEYED SENSE THAT MFA RENEWAL BY NO MEANS CERTAIN, LARGELY DUE SOME IMPORTING COUNTRIES NOT LIVING UP TO MFA OBLIGATIONS. OUR POSITION REMAINS TO PRESS FOR MFA EXTENSION BY END OF 1976 BECAUSE IT IS ALMOST INEVITABLE THAT IF MFA IS NOT RENEWED BY THAT TIME, IT WILL WILLY-NILLY FALL INTO MTN TALKS WITH UNPREDICTABLE CONSEQUENCES. WE WILL BE MEETING WITH MEYNELL SOON AND PLAN RAISE ENTIRE MFA RENEWAL MATTER AS PRIORITY ITEM FOR DISCUSSION, INCLUDING FRANK DISCUSSION EC PERFORMANCE. IT IS CLEAR THAT IF WE WISH TO SEE MFA RENEWED WITH MINIMUM OF COMPLICATIONS, WE MUST CONTINUE AND EVEN INCREASE COORDINATION WITH EC, JAPANESE, AND LONG. INGERSOLL

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